



THE CITY OF SAN DIEGO

*Community Development Block Grant Program (CDBG) - Economic Development Division
Development Services Department*

SECTION 3 REQUIREMENTS

Objectives:

- (1) To use HUD program funds to provide a springboard for residents to become economically empowered through direct participation in construction, rehab, and other activities designed to physically improve and revitalize their neighborhoods, and
- (2) To anchor Departmental efforts to strengthen communities, promote individual responsibility and reduce dependency on Federal assistance such as welfare and housing subsidies.

What are the SECTION 3 REQUIREMENTS?

To the greatest extent feasible an agency must attempt to meet Section 3 *economic goals*:

Training & Employment: Offer 30% of new employment and training opportunities to Section 3 residents.

Contracting: Award 10% of building trades work **and** 3% of all other contracts (based on total dollar amount) to Section 3 businesses.

What is a SECTION 3 RESIDENT?

1. Resident of public housing; or
2. Individual that resides in the metropolitan area in which the Section 3 covered project is undertaken and whose income does not exceed the local HUD income limits set forth for low- or very low-income households.

What is a SECTION 3 BUSINESS?

One of the following:

1. Business that is 51% or more owned by Section 3 residents;
2. Business whose permanent, full-time staff includes at least 30% employees who are currently Section 3 residents, or within three years of the date of first employment with the firm were Section 3 residents;
3. Business that provides evidence of a commitment to subcontract in excess of 25% of the dollar amount of all subcontracts to be awarded to Section 3 businesses.

Are there other SECTION 3 REQUIREMENTS?

1. Incorporate Section 3 Clause into all project solicitations and contracts;
2. Notify Section 3 residents and businesses about training, employment, and contracting opportunities generated by Section 3 projects, and notify contractors working on Section 3 covered projects of their responsibilities;
3. Facilitate the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns;
4. Do not enter into contracts with contractors that are in violation of Section 3;
5. Document actions taken to comply with Section 3; and
6. Submit Section 3 employment & contracting outcomes to CDBG Program Office. (List of trades, # of new hires, # of Section 3 sub-contractors).